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Agency Secretary

Air Resources Board

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Gray Davis
Governor

November 30, 2001

Mailout #MSC 01-16

TO: All Interested Parties

SUBJECT: PUBLIC WORKSHOP TO DISCUSS A DRAFT PROPOSAL FOR
EXPANSION OF THE STATEWIDE ZERO-EMISSION VEHICLE
INCENTIVE PROGRAM

California Air Resources Board (ARB or Board) staff will hold a public workshop on the date and place noted below to discuss its draft proposal for expansion of the Statewide Zero-Emission Vehicle (ZEV) Incentive Program. Staff plans to hold a second public workshop in Southern California in early to mid January 2002, but has not made final arrangements for the second workshop.

DATE: Wednesday, December 19, 2001

TIME: 1 p.m. to 3 p.m.

PLACE: California Environmental Protection Agency Headquarters Building
Sierra Hearing Room, Second Floor
1001 I Street
Sacramento, California 95814

This facility is accessible to persons with disabilities. If accommodation is needed, please contact Ms. Judy Yee, Program Manager of the Statewide ZEV Incentive Program, at (916) 327-5610 or toll free at (866) 808-0189, as soon as possible. Persons with hearing or speech impairments can contact us by using our Telephone Device for the Deaf (TDD) at (916) 324-9531, or (800) 700-8326 for TDD calls from outside the Sacramento area.

The original Statewide ZEV Incentive Program was created by Assembly Bill 2061 (Lowenthal, Statutes of 2000) and funded with an \$18 million appropriation from the State General Fund. Individuals, local governments, state agencies, nonprofit organizations, and private businesses are eligible to receive grants up to \$9,000 per vehicle to encourage the purchase or lease of new zero-emission, light-duty cars or trucks between October 1, 2000 and December 31, 2002. Guidelines for implementing the original program were approved by the Board on December 7, 2000.

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our Website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

Staff will propose revisions to the program guidelines to establish the criteria for additional ZEV grants that will be funded by a \$20 million appropriation from the approved Fiscal Year 2001-2002 State Budget. These funds are available for use through June 30, 2004, and will allow the Statewide ZEV Incentive Program to continue to award grants after the original eligibility period specified by Assembly Bill 2061. Budget act language specifies that \$10 million is to be available for grants up to \$5,000 per vehicle and \$10 million for grants up to \$11,000 per vehicle for ZEVs to be used in fleets operating in areas not in attainment with air quality standards. The Board is directed to award the fleet vehicle grants through a competitive process. The competitive process is to give preference to fleets operators that will use the vehicles primarily in communities that are disproportionately impacted by poor air quality, including low income communities and communities of color (commonly referred to as "environmental justice" communities). The Board is to consider the eligibility of low-speed vehicles and or Neighborhood Electric Vehicles in the grant program and to establish criteria for grants provided through the program.

The proposed revised guidelines will also address modifications to the Statewide ZEV Incentive program required by Assembly Bill 1390 (Firebaugh, Statutes of 2001) which becomes state law on January 1, 2002. The list of qualified grant recipients is changed to include public agencies, making federal agencies eligible for grants. The Board is allowed to reserve, allocate and reallocate funds to any grant recipient. The Board is also required to periodically review grant applications and the award of grants to ensure, to the greatest extent possible, that all grant funds are used.

Staff's proposed guidelines are scheduled for consideration by the Board at a February 2002 public meeting and will be available for review and comment 30 days prior to this public meeting. The proposed guidelines will address 1) the implementation schedule for the expanded program, 2) administrative procedures for allocating and paying grants and the grant application process, 3) qualified grant recipients, 4) the types or categories of ZEVs included in the program, 5) the incentive structure which provides a range of grant amounts for different vehicle categories, 6) allocation of the available funds among different vehicles categories, 7) performance and warranty requirements that vehicle models must meet to be eligible for grants, and 8) a preliminary list of eligible vehicle models and the grant amounts that qualified grant recipients will receive for these vehicles.

An open comment period will be provided at each workshop. However, to better focus the discussion, the first workshop will highlight staff's draft proposal for vehicle categories to be included in the program, vehicle performance requirements and warranties, grant amounts and allocations. The second workshop will focus on the grant application and payment procedures and the competitive process for fleet vehicle grants. Additionally, ARB staff is available for one-on-one meetings and welcomes opportunities to make presentations to community groups.

Attached to this notice is a summary table with ARB staff's draft proposal for vehicle categories and grant amounts. Documents mentioned in this notice are available at www.zevinfo.com or by contacting Ms. Judy Yee at (916) 327-5610 or toll free at (866) 808-0189, or jyee@arb.ca.gov. To obtain these documents in an alternative format, please contact the ARB's Americans with Disabilities Act Coordinator at (916) 323-4916, TDD (916) 324-9531, or (800) 700-8326 for TDD calls from outside the Sacramento area.

Sincerely,

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Robert H. Cross, Chief
Mobile Source Control Division

Attachment

cc: Ms. Judy Yee
Program Manager
Statewide ZEV Incentive Program

Attachment

Air Resources Board (ARB) Staff's Draft Proposal For An Expanded Statewide Zero-Emission Vehicle (ZEV) Incentive Program: Summary Table of Proposed Vehicle Categories and Grant Amounts

Vehicle Category ¹	Earns ZEV Regulatory Credit	Grant Amount		
		All Uses		Fleet Use ²
		2002	2003-2004	2002-2004
"Full Function" ZEV (typically passenger cars and trucks; specialty fleet versions)	Yes	Up to \$9,000 ³	\$5,000	Up to \$11,000
"Urban" ZEV (typically has lesser range, lower maximum speed and limited, or prohibited by automaker, operation on freeways)	Yes	\$4,000	\$4,000	Up to \$7,000
LSV/NEV⁴ (maximum speed limited to 25 mph; FMVSS 500 applicable)	Yes	No incentive proposed	No incentive proposed	No incentive proposed
Zero-Emission Motorcycle (ZEM)⁵ (3-wheel, fully enclosed)	No	Up to \$3,000	Up to \$3,000	Up to \$5,000

¹To be eligible, a vehicle model must be certified by ARB as a new electric vehicle/ZEV and meet applicable Federal Motor Vehicle Safety Standards.

²Vehicles must be operated in an area not in attainment with air quality standards; grants will be awarded through a competitive process.

³Subject to incremental cost formula specified by Assembly Bill 2061.

⁴Staff expect LSVs/NEVs to be the predominate type of ZEV offered in 2002 because of the lower cost to manufacture these vehicles. Staff proposes not to include LSV/NEVs in the incentive program because of relative lower prices to the consumers and concern that expected large volumes will deplete grant funds. However, two other alternatives remain under consideration by staff.

? Alternative 1 is to include LSV/NEVs in the program and provide a \$250 grant to reduce the price the consumer pays for the vehicle. A cap on the total amount of grants for this category would be established.

? Alternative 2 is to provide LSV/NEV manufacturers with the option to participate in the incentive program, if they agree to forego or retire ZEV regulatory credits earned for a specific vehicle model for a specified model year. This would limit the number of LSV/NEVs eligible for grants. Staff would propose a grant amount of \$1,000 for all uses and \$2,000 for fleet use.

⁵Staff proposes case-by-case determinations of model eligibility and grant amount.